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ABSTRACT

The 1978 reauthorization of the Comprehensive Employment and Training Act (CETA) introduced a new title, Title VII: the Private Sector Initiative Program (PSIP). This title instructs Prime Sponsors to form a new kind of intermediary organization, a Private Industry Council (PIC), which has the major objective of increasing the opportunities of CETA clients to find employment in the private sector. This technical assistance guide shows how on-the-job training (OJT) programs might operate in the setting of the PIC. The guide begins with a chapter on the background and history of OJT as an employment and training program. It then discusses the various possible roles of PICs in marketing and operating OJT programs, such as client screening, determining local priorities, staffing, linking with other programs, and assisting employers: and then details the methodology of OJT agreements and contracts. Since bringing an innovative approach to private-sector OJT is implicit in the TITLV VII legislation, one chapter is devoted to variations and new concepts that PICs might adopt in Title VII activities, including OJT. The guide closes with a chapter on managing the CJT program. (This technical assistance guide is based largely on an earlier publication, "On-the-Job Training: CETA Program Models.") (KC)

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ON-THE-JOB TRAINING AND THE PRIVATE INDUSTRY COUNCIL: A TECHNICAL ASSISTANCE GUIDE

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U.S. Department of Labor
Ray Marshall, Secretary

Employment and Training Administration
Ernest G. Green
Assistant Secretary for Employment and Training
1980

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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FOREWORD

The 1978 reauthorization of the Comprehensive Employment and Training Act introduced a new title, Title VII: the Private Sector Initiative Program (PSIP). This Title instructs Prime Sponsors to form a new kind of intermediary organization, a Private Industry Council (PIC), which has the major objective of increasing the opportunities of CETA clients to find employment in the private sector. Sponsoring on-the-job training agreements is one mechanism PICs might elect to use in accomplishing this objective.

This technical assistance guide shows how OJT programs might operate in the setting of the Private Industry Council. The guide begins with a chapter on the background and history of OJT as an employment and training program. It then discusses the various possible roles of PICs in marketing and operating OJT programs and details the methodology of OJT agreements and contracts.

Since bringing an innovative approach to private-sector OJT is implicit in the Title VII legislation, one chapter is devoted to variations and new concepts that PICs might adopt in Title VII activities, including OJT. The guide closes with a chapter on managing the OJT program.

This technical assistance guide is based largely on an earlier publication, On-the-Job Training: CETA Program Models, by Jim Bromley and Larry Wardle, which has been adapted to reflect the enactment of the Private Sector Initiative Program and recent changes in regulations governing OJT.

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PART ONE

THE BACKGROUND OF ON-THE-JOB-TRAINING

A. Concept and Definition

On-the-job training, for purposes of this guide, is training given by an employer to individuals recently hired; the trainee learns the job while actually engaged in productive work, using the employer's own procedures, tools, and equipment, and working according to a particular employer's requirements.

On-the-job training has been a program option utilized for two decades, under CETA and earlier employment and training legislation, to get eligible clients jobs in the private sector. The local program operator uses Federal funds to reimburse employers for the extraordinary costs of training individuals who otherwise would not be considered good hiring prospects by many employers.

B. Some Advantages of OJT

As an employment and training program, OJT offers distinct advantages:

- To the Business Community--Employers are able to propose exactly the kind of training programs they need, rather than having to rely upon training designed by someone else. Through OJT, the cost to the employer of training inexperienced workers is partially reimbursed. Also, using OJT programs, employers may be able to reduce turnover and improve productivity among workers.

- To the Client--Under OJT, clients start working and earning immediately, as opposed to enrolling in a training program for a hypothetical job that may never materialize. Their training under OJT is more pragmatic and realistic, since it takes place in the marketplace and is continually tested and evaluated in real-world situations. As bonafide employees of a firm, OJT clients form relationships with co-workers; they learn--possibly for the first time--the countless rituals, behaviors, and procedures that make up a working day; and they share in the employer's personnel benefits.

- To the Employment and Training Program Operator--OJT is cheaper than some other kinds of employment and training activities, and placement rates following program termination are

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better.[1] Although OJT requires continual attention to fluctuating labor market conditions, and assiduous liaison with employers, it is well worth the effort as one of the most direct approaches to a major program goal--getting the client a job.

- To the Community at Large--The disadvantaged client participating in OJT begins earning immediately and can soon become self-sufficient. Moreover, the client joins the mainstream of society as a consumer and a taxpayer.

C. A Brief History of OJT as an Employment and Training Program

Workers have always learned their trade to some extent on the job. In this sense, OJT as a natural process resists historical description. But as a matter of public policy for training workers in this country, OJT could be said to have started during World War II when the labor force had to expand rapidly and take in women and many other inexperienced workers. War work and OJT activities for ex-servicemen in industries after the war demonstrated the value of this concept as an employment and training program. Government-sponsored OJT has taken many forms. The programs described in the following paragraphs were particularly important in the development of OJT concepts and policies.

Manpower Development and Training Act (MDTA) OJT started on a small scale in 1964, with the government offering to support some 10,000 positions in private businesses. Under MDTA, OJT enrollment eventually rose to as high as 115,000 in 1968; factors in this popularity included relative cost effectiveness and high retention rates as compared to other training modes such as institutional training.

The National Alliance of Business Job Opportunities in the Business Sector (NAB/JOBS) program began in 1968. Under this model, businesses provided support to trainees in the form of remedial education and job adjustment counseling, as well as on-the-job training. NAB business leaders canvassed their colleagues and obtained cooperation in the form of pledges to hire disadvantaged workers. The NAB/JOBS effort combined government-subsidized training and voluntary commitments from business to hire disadvantaged workers.

In 1973, with the passage of the Comprehensive Employment and Training Act (CETA), local service delivery mechanisms, the Prime Sponsors, became responsible for developing relationships with private business and industry, and

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[1] Data from an unpublished study by the Employment and Training Administration, Office of Community Employment Development, show that in FY78 the average cost per participant for OJT was $1,580; for work experience, $1,570; for classroom training, $1,940; and for public service employment, $7,780. Many studies show that job placement (i.e., the act of securing unsubsidized employment for or by a participant) of OJT enrollees following program completion is higher than for those enrolled in other activities. In particular, the Continuous Longitudinal Manpower Survey (ETA, Office of Planning, Evaluation and Research) shows placement rates as follows: OJT, 64 percent; classroom training, 46 percent; work experience, 52 percent; PSE, 54 percent.

for underwriting training in the private sector for CETA clients. However, since the early days of CETA were characterized by large-scale expansion of public service jobs, private-sector OJT claimed only a small percentage of the total CETA effort and budget throughout the 1973-1978 period.

DOL in the latter part of the 1970's began a series of OJT-related programs under CETA that foreshadowed the Private Sector Initiative Program. HIRE (Help Through Industry Retraining and Employment) I and II, and STIP (Skill Training Improvement Program) all enlisted private-sector participation in the training of disadvantaged workers and experimented with concepts--e.g., longer training periods, combined classroom and work-site training, and built-in upgrading--that are relevant to the needs of PICs.

Each of these programs has played an important part in the evolution of private sector on-the-job training. Under CETA, the mechanisms of letting OJT contracts to private sector employers were worked out, and with modification, will serve the Private Industry Council as valuable models.

D. Streamlining the OJT Process

In April 1979, DOL issued new regulations for the Comprehensive Employment and Training Act (20 CFR Parts 675-679). Among a number of major changes that were encompassed by the new issuance was a total revision of the regulations for OJT programs. The "new look" in OJT came about as part of the overall effort to make CETA programs more responsive to the concerns of business and industry; the regulations reflect best practices of OJT programs throughout the last two decades, and were derived from numerous conferences, surveys, and other data-gathering efforts of DOL.

Key elements in the revised OJT regulations include:

- The provision that all OJT participants must be hired by the employer prior to the onset of training. This change was instituted to discourage the termination of the employee after the period of subsidized employment has expired. Experience has shown that employers are less likely to terminate actual hires, as opposed to conditionally placed persons.

- Specification of a fixed reimbursement level. Reimbursement for costs of OJT is now tied to a flat, fixed rate of 50 percent (or less) of the participant's wage, with no documentation other than the wage rate required. Higher reimbursement levels can be requested and justified in a Prime Sponsor's Annual Plan. Specification of a flat rate for OJT is intended to remove a major obstacle to participation by the private sector. Employers now do not have to document "extraordinary costs" of training to claim reimbursements.

- Clarification of eligibility and suitability for participation. Among CETA eligibles, priority for OJT will be granted to those who obviously need job training. Individuals who already have training or experience can also be enrolled in OJT if it is determined that no other suitable opportunities exist in the CETA system or in unsubsidized employment.

- A specification of the necessary elements of an OJT agreement between a CETA program operator (Prime Sponsor or PIC) and a private sector employer. This specification provides a model for an OJT contract or agreement, and is intended to reduce paper work and contractual difficulties.

PART TWO

THE PRIVATE SECTOR INITIATIVE PROGRAM AND ON-THE-JOB TRAINING

A. The PIC as an OJT Program Operator

As stated in the regulations governing the Private Sector Initiative Program, Title VII of CETA, the PIC can choose among several approaches to its role. It can serve the Prime Sponsor in an advisory capacity, assisting the Sponsor in developing labor market information, planning for OJT, and promoting the concept of OJT among all its contacts in the business community. In a more active mode, the PIC in addition to performing all these functions can receive funds to operate OJT and other kinds of employment and training programs directly. In this latter capacity, the PIC may take on additional functions such as screening clients, actively marketing OJT contracts with private employers, and letting and monitoring OJT contracts.

In keeping with its character as a demonstration title, with a strong emphasis on research and development, PSIP can be expected to influence OJT programming in many new ways. In contrast to some earlier kinds of OJT programs reviewed briefly in the previous chapter, OJT programs under Title VII will be developed locally. They will focus for the most part on medium and small businesses where greatest employment growth is taking place, will encompass new occupational areas where OJT has seldom penetrated in the past, and will be tied into an overall plan for improving employment and economic conditions in the local labor market area.

B. Client Screening

The PIC's role in client screening will depend, to some extent, on the way in which each PIC interacts with its Prime Sponsor and with other elements of the local employment training system, such as the Job Service. In many jurisdictions and localities, the Prime Sponsor and Job Service intake systems will perform all client screening functions. The PIC should consider the existing, experienced systems in its locale and avoid any duplication of effort.

In some locales, the PIC may decide to take an active role in recruiting and screening clients. Since the Council probably has other program activities besides OJT, staff will have to exercise care in matching the specific program activity to the needs of individual clients. Work/study programs are particularly important for youths, and coupled classroom/OJT programs may answer the needs of clients with the greatest skill deficiencies. Clients' occupational preferences and aptitudes, too, must be considered before they are referred to particular OJT openings.

Some PICs have elected to focus on a client group in particular need of services in their locale. Examples include women entering the workforce in non-traditional occupations, out-of-school youths, and PSE enrollees whose participation is scheduled to terminate in the near future.

PICs can play an important part in preparing CETA clients for jobs in the private sector by identifying or devising good screening materials and by providing active support for the client during the transition from trainee to skilled worker. Examples of current activities in this area are shown below:

- Highly conscious that clients must have fundamental skills in reading, writing, and mathematics before OJT can be truly effective, a midwestern PIC addressed pre-job training early in its program. The PIC contacted Goodwill Industries and used their tests to identify learning disabilities and to gauge degrees of hand-eye coordination that might be necessary for training to be successful. This PIC also worked with a local university to develop a remedial skills curriculum that could be included in the overall PSIP program.

- A southwestern PIC researched the effectiveness of past OJT programs in the area, using both its own staff and local experts borrowed from business. The Council found that half the trainees in previous programs had dropped out before completing training because they had been steered to jobs unsuited to their interests and abilities, they were unable to meet the employer's most basic requirements for holding a job, and/or they lacked ongoing support during the difficult transitional period. Accordingly, this PIC now focuses on offering constant support both to the employee and the employer during training. The PIC additionally prepares a detailed job description of the training position, and screens candidates carefully to identify those with the best chance of success. It also assists employers with the necessary paperwork for OJT contracts, and aids in working out problems which may arise after hiring.

- Another PIC in a southern city has been exploring computer-aided instructional methods for OJT clients requiring remedial education.

C. Marketing OJT

The OJT marketing effort could be divided into three major phases: (1) planning and market research, (2) preliminary publicity, and (2) individual solicitation of contracts.

In the market research stage, the PIC and Prime Sponsor should jointly ascertain types of jobs and industries in the area that are suitable for OJT, and develop a list of local companies with employment opportunities in these areas as targets for preliminary publicity. Much of this work will have been done pursuant to the PIC and Prime Sponsor's annual plans. Also, by coordinating with

private lending institutions, real estate agents and developers, and local chambers of commerce and other economic development organizations, PIC staff can efficiently identify companies that are expanding and will be likely to need new workers.

In devising preliminary publicity, the PIC's OJT component should be guided by the membership of the Council itself, and use the Council's business contacts to the fullest extent. In order to carry out a well-managed publicity effort, the PIC will have to designate a staff member to act as public relations officer. Some ideas that the public relations officer might want to incorporate into his/her program include:

- Periodic (weekly or bi-weekly) news releases to local newspapers and trade publications. These could be announcements of newly signed OJT contracts, and feature stories on trainees with unusual backgrounds or working in non-traditional occupations.

- Annual or semiannual press conferences, in which invited members of the press query the PIC Director about program plans and performance

- Development of handouts, flyers, fact sheets, or brief pamphlets. These materials can be mailed out or taken on marketing visits.

- Development of radio and TV announcements or participation in local "meet the press" types of programs

- Public appearances at community business events, such as trade association meetings and conferences, by well known members of the Council

The National Alliance of Business, contracted by DOL to provide technical assistance to PICs, has prepared an overall marketing strategy and marketing tools for the Private Industry Councils, many aspects of which are transferable to a single PIC component such as the OJT program.

The third phase of the marketing effort, the individual visits to employers to acquaint them with the Private Sector Initiative Program and eventually to solicit contracts, should be carefully planned with the full assistance of the Council membership. One critical consideration is that the PIC OJT staff be fully briefed on employers in the area who have had OJT programs in the past, and what their experience has been. In order to avoid needless duplication of efforts, PIC staff must become familiar with other elements of the employment and training system, particularly with other Prime Sponsor OJT programs under various CETA Titles, and with Work Incentive and Job Service OJT programs. (See Section F, below.)

Preliminary telephone calls or letters to employers to schedule appointments could be assigned to individual members of the PIC in order to capitalize on personal associations and friendships that the members have developed in the business community.

The individual marketing calls, especially those identified at the outset as most promising, should be the responsibility of members of the PIC, insofar as their time permits. At a minimum, members should sign introductory letters for PIC staff who are initiating marketing calls, and should be prepared to make follow-up calls on those employers who are well known to them. All PIC members and other staff who undertake marketing calls will have to be carefully briefed beforehand on the nature and size of the business establishment they are visiting, be prepared to describe the purpose of the PIC OJT program and the kinds of trainees it is offering to the employer, be able to outline the major terms of an OJT agreement, and have on hand written materials that the employer can peruse later. These materials should include, in addition to a brochure or pamphlet describing the PIC and its functions, a sample OJT agreement and a sample training outline.

PIC marketing staff should also be prepared to describe, at least briefly, the Targeted Jobs Tax Credit (TJTC). TJTC is an elective tax credit for employers that applies to wage costs incurred by firms during specified dates for certified employees hired after September 26, 1978. Since many OJT enrollees fall into one of the seven worker categories specified in the TJTC program, these tax credits, which could be applied to wages paid the employee following OJT, provide another significant financial incentive in addition to the training reimbursement for private employers to hire CETA clients. Both the Department of Labor and the Internal Revenue Service can provide fact sheets on the TJTC program; and more details on how the tax credit may be combined with OJT are given in Section G below. Besides TJTC, other incentives, such as the WIN credit and numerous State tax credit programs, may be applicable in many cases; and PIC staff should research these carefully and be prepared to explain them to prospective employers.

Between the initial marketing call and the eventual commitment to hire and writing of an OJT contract, there may well be a number of intermediate stages. PIC staff should be trained to perceive and respond to an individual employer's needs and adjust their approach based on that need. To close the call, they should have in mind specific next steps or options to bring into play. Examples might include:

- Send some prospective trainees on exploratory interviews with the employer.
- Schedule an interview with the company's training official to discuss a unique or innovative training method that the company uses.
- Arrange meetings between company representatives and local educational or vocational education officials to discover what the latter could contribute to an OJT program.
- Arrange a meeting between training directors of two or more companies with a view toward sharing some training facilities for OJT clients.
- Finally, after these and other kinds of preliminary details have been arranged, suggest a hiring goal, obtain a commitment to hire CETA clients, draft a training outline, and set the mechanisms of the OJT agreement in motion.

Many PICs have devised an innovative and aggressive approach to marketing OJT. Some examples of successful activities are:

- One PIC coordinated its planning and marketing activities carefully, capitalizing on a preliminary survey of employers to determine job opportunities. Job developers "struck while the iron was hot" and contacted survey respondents immediately, thus locating a number of new potential contractors.

- The PIC in a major eastern city wrote to approximately 6,000 production companies, offering assistance in securing government-funded employment and training subsidies. A number of employers responded to the offer to help design the curriculum, recruit trainees, design or identify a screening method for candidates, and undertake the paperwork for an OJT agreement. Through this strategy the PIC was able to obligate 75 percent of its OJT funds during the first four months of FY 1979, all to small establishments averaging fewer than 100 employees.

- Finding that marketing can sometimes be facilitated from another base, the PIC serving a western state has placed a full-time marketing representative on the staff of a large retailers' association in an effort to persuade businesses to conduct OJT programs. The PIC is searching for another trade association in which to place a second marketing representative, and has planned a public relations program including radio and TV advertising.

D. Targeting on Local Priorities and Opportunities

One of the important aspects of the Private Sector Initiative Program is tailoring employment and training programs to specific local needs and priorities. The characteristics of local businesses, their prospects for the future, and the needs of the workforce in the area all need to be considered in planning OJT programs that have any chance of success. Notable efforts by PICs to make programs responsive to local needs include:

- The New York City PIC which has funded OJT training programs for airline reservation clerks and stockbroker support personnel--two occupational fields in high demand in some metropolitan areas. An OJT program in computer programming, specifically designed for handicapped workers, is also operational.

- As a multimillion-dollar hotel and convention center neared completion near Allentown, Pennsylvania, the Lehigh Valley PIC took the opportunity to train hotel workers for jobs which are sure to be forthcoming. The PIC is also watching with interest the work on a new 152-acre industrial park in the area and the new jobs being generated by this facility.

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- In New England, PICs are concentrating on developing OJT programs in energy conservation-related fields, sure to be in high demand in the coming years in that area.

- The San Francisco Mayor's Office of Employment and Training has a program called "Banking on People." The PIC has let a contract to Bank America to train workers in banking and clerical skills.

- In Boston, employment and training experts are focusing intently on the area's high-growth electronics industry. The Prime Sponsor has a sizeable training contract with Honeywell, which placed CETA clients as entry-level electronics assemblers at a good starting wage. The workers are eligible to apply for better jobs in the company after the first 120 days of training, with Honeywell assuming the costs of upgrade training. Also, the Boston PIC has a classroom training program for electronic technicians involving a consortium of employers.

- Keeping watch on the local area's economic development plans is an important consideration for PICs. Title VII legislation specifically mentions linkage with such plans as a PIC function. The Boston PIC has developed a series of agreements for training-related activities with economic development agencies in the area; training will be customized to suit the individual client and employer's needs, and will include OJT, classroom, prevocational, and a combination of all three types of training. In Oakland, California, the PIC has planned to train workers for a Chinatown development project. In Buffalo, the PIC intends to place as many as 1,300 CETA clients through massive urban development projects funded by Federal agencies. CETA clients will be employed in such areas as construction of a rapid transit system and waterfront/downtown rehabilitation. The PIC is asking firms receiving government contracts for these projects to fill 15-20 percent of new jobs with CETA clients. OJT and skill training programs will figure prominently in the employment modes used.

E. Staffing for Action

Within the PIC, responsibility for marketing and overseeing OJT programs should be held by a staff member or members with a strong background in business or industry, persons knowledgeable about the concerns of private sector employers and able to speak their language. Depending upon the size and specific operating mode of the PIC, the OJT component could be organized in a number of different ways. Prime Sponsors in the past have utilized a staffing configuration that is outlined below. This is only one of several possible models that PICs might want to consider. Many newly established PICs with a very small staff might have to assign only one or two persons to undertake all the following roles.

- OJT Program Director--This individual has ultimate responsiiblity for the success of the OJT program. He or she reports directly to the PIC Director and assists in relations with Prime Sponsor regarding other CETA Titles funding OJT, is responsible for hiring and terminating other OJT program staff, and often serves as signatory for OJT agreements.

- Contract Service Representatives (CSR) and Supervisor--CSRs are the line staff of the OJT program, responsible for marketing programs with private employers, negotiating the details of each contract, seeing that eligible candidates approach the employer, and following up on any difficulties that employers and/or trainees may have once the contract has commenced. The number of CSRs will depend on the size of the PIC and the extent of its OJT activity. CSRs could be detailed in various ways: they could cover different geographical areas, an arrangement that might be suitable for a large, multijurisdictional PIC; or they could concentrate on different occupational areas. The specific composition of the PIC and the characteristics of the local labor market will suggest some optimum deployment of CSRs. The CSR Supervisor must determine such things as the optimum number of contracts each CSR can handle, the prevailing rates of pay for different occupations, what kinds of contracts should and should not be solicited in the PIC's particular area, etc.

- Supervisor of Intake, Assessment, and Counseling--(This function may or may not be needed, depending on the degree of autonomy the PIC assumes with respect to OJT. In some jurisdictions, the Prime Sponsor's intake mechanisms may be used for all clients, including Title VII.) This unit is responsible for counseling the client about the best route to follow towards a good job. The unit devises or identifies and uses standard tests to assess the client's skills, knowledge, and interests. Information thus garnered is summarized into an employability development plan. The client and the unit staff jointly evaluate placement alternatives and decide on a plan of action. The unit follows up on clients' success or failure in OJT, and can arrange other plans for an OJT terminee.

- Job Coach--This individual works directly with the client before the client is referred to a prospective employer. The coach assesses the client's degree of job-readiness, analyzes any barriers to successful placement that the client might experience, and determines the need for support services. The job coach plays an important role as an advocate for the client during training, and frees the CSR of the task of dealing with individual clients' problems.

- Quality Control Monitor--This staff member works independently of other units to provide the OJT Director with information on all aspects of the program. He or she visits employer sites on a

random basis to determine the quality of training, the progress of the trainee, and compliance with the terms of the training agreement. (The OJT program will also be periodically examined by the Prime Sponsor's independent monitoring unit.) More details on monitoring are given in Part Five.

- Supervisor, Fiscal, Accounting, and Reports--This function provides administrative support to the OJT program. Areas of responsibility include:

  - Making necessary purchases and rentals for the program
  - Ensuring timely payment of employer invoices
  - Developing monthly operating reports on numbers of clients served, funds obligated and expended, and other performance indicators

F. Linking with Other Employment and Training Programs

As mentioned earlier, the PIC staff must be aware of other OJT activities in the area in order to avoid program duplication and confusion. Local Work Incentive programs, the CETA Prime Sponsor's Title II-B OJT program, the Veterans Administration OJT Program, and various National OJT Title III programs are all examples of similar and somewhat overlapping programs that may be ongoing in the PICs's area at any one time. A local employer may well find himself bombarded with solicitations for OJT contracts from competing sources, unless a coordinated approach to OJT can be achieved.

One PIC on the West coast has attacked this problem in a novel way. This multijurisdictional PIC serving four Prime Sponsor areas in two States operates a clearinghouse for all OJT in the area. The PIC handles the solicitation and paperwork for OJT under all Titles of CETA; it keeps track of different eligibility requirements and program emphases; and it has published a general OJT handbook for participating employers with a separate section for each Prime Sponsor and two-page contract forms color-coded to correspond to different programs and sponsors.

G. Assistance to Employers

A common complaint about OJT programs in the past was that they involved employers in too much paperwork, recordkeeping, and other administrative details for which employers had little time or interest. Tackling this objection head on, a number of PICs have designed innovative strategies to lighten the burden on potential employers and thus make the program more attractive to them. For example:

- A consortium of New England PICs has designed a project known as EASY (Employer/Assistance Services Units). EASY units are targeted on small companies which have no personnel or training departments to handle the extra paperwork associated with OJT programs. EASY units have three functional roles:

- Industry/Education Relations--The staff produce a business resource directory and a survey of regional schools; they also conduct career educational workshops. Moreover, coordinators educate business representatives about services and opportunities available through CETA. Staff also assist in designing training programs for employers with unusual or highly specialized needs.

- Public Information--EASY staff publish a newsletter and collect and organize published material on CETA that might be of interest to employers. EASY units serve as regional clearinghouses to answer questions on local applications of PSIP, and they maintain toll-free telephone lines.

- Job Service--Job Service liaison is loaned by the State Employment Security Agency and assures that EASY units are tied into the needs of local commercial and industrial firms.

. Another incorporated PIC serving 79 balance-of-state counties in the South, concentrates exclusively on OJT and emphasizes responsiveness to employers. Key features of the PIC are.

- Separation of Sales and Service Functions--Because of the geographically dispersed targets, this strategy was seen as more workable than having sales people service their own contracts. Sales representatives and district offices have individual sales goals. At last report, the PIC was averaging $300,000 per month in OJT contracts. The service unit staff provide counseling to trainees and a wide variety of assistance to employers.

- Streamlining of Paperwork--The PIC maintains all required CETA forms for the employer and adjusts them with employer source documents. The system is designed to identify any discrepancies before reimbursement is made; in this way questionable costs and audit exceptions are minimized. Finally, this PIC considered the needs of small employers (less than 5 employees) which had in the past been excluded from OJT because they were unable to afford worker's compensation. The PIC obtained a blanket policy to cover workers in such small firms so that it can do business with them.

. The PIC could be of service to employers in facilitating payment of OJT invoices. Contractors have sometimes experienced delays in the past when payments are handled through a large municipal government. PICs could devise alternate payment systems if this has been the case in their area, and install financial conduits through a Community Based Organization (CBO) or through the PIC itself, if it is incorporated to receive and disburse funds, in order to ensure timely payments to employers.

Still another important service that PICs can provide to employers is to inform them about the Targeted Jobs and WIN tax credits programs, assist in ensuring that eligible OJT employees are vouchered, and show employers how to claim the tax credit. Many CETA clients for OJT may fall into one of the TJTC eligible worker categories:

- Youths, ages 18 through 24, whose families are economically disadvantaged
- Vietnam-era veterans under age 35 who are economically disadvantaged
- Ex-convicts who are economically disadvantaged and who have been hired or would be hired not more than five years after conviction or release from prison
- Handicapped workers who have completed or are receiving vocational rehabilitation services
- Youths, ages 16 through 19, who are participating in a qualified cooperative education program
- Individuals receiving Supplemental Security Income (SSI) payments
- Individuals receiving welfare payments for a specified period preceding the hire date

DOL has clarified how the TJTC might be claimed for OJT participants:

- If the trainee remains with the same employer after termination of training, calculation of family income is based on the 6-month period immediately preceding the month in which the participant began work under OJT. If this amount, annualized, does not exceed 70 percent of the BLS lower living standard, and if the other targeted group requirements are met, then the participant is eligible.
- If the OJT participant does not remain with the employer, but finds other employment, then calculation of family income will include any OJT wages paid during the 6 months preceding the new employment.
- TJTC cannot be taken by employers for any wages paid to OJT program participants during the period of the OJT contract. The rationale here is that these wages are already reimbursed 50 percent.
- But, wages paid to OJT/TJTC participants after the period of subsidized OJT has expired do qualify for the tax credit. The time that the participant spent in OJT would count against the two-year period within which employee wages are eligible for credit.
- The amount of wages earned during the period of the OJT contract will not count against the qualified first-year wages.

PART THREE

MAKING OJT AGREEMENTS WITH PRIVATE SECTOR EMPLOYERS

Once the clients have been screened, the makeup of the business community carefully scrutinized, and the concept of OJT aggressively marketed among local private employers, it remains for the Private Industry Council to formulate OJT agreements with employers. Depending on local arrangements, OJT agreements could be formulated by Prime Sponsors and other elements of the employment and training system, by the PIC itself, or by another organization working under contract to the Prime Sponsor or the PIC. For purposes of discussion, this TAG assumes that the PIC is actually making the OJT agreements.

This chapter discusses the negotiable elements of an OJT agreement, and the format of the written agreement, and concludes with a sample set of contract forms adapted from a model currently being used by a Prime Sponsor in a western state.

A. Negotiable Elements

(1) Occupations Eligible For OJT Training

The CETA regulations allow Prime Sponsors and PICs great latitude in determining occupational areas that are suitable for on-the-job training. In general, for an occupation to be considered eligible for OJT, three factors are stipulated:

- A reasonable expectation of future employment in the occupation.
- A skill content which requires a definite period of training. CETA regulations specify a minimum of two weeks' training; but it is unlikely that a contract would be written for such a short training period.
- A wage rate comparable to those of similar occupations and industries in the same geographical area.

Beyond these minimum characteristics, OJT program operators should concentrate on other occupational criteria, such as:

- High-growth occupations in the primary labor market.
- Occupations with a lower or only average rate of turnover.
- Skilled jobs from which CETA clients are traditionally excluded and which offer opportunity for advancement and upward mobility.

Also, the PIC, in keeping with its character as a pathfinder or innovator, may want to extend the OJT concept into non-traditional areas. In fact, as stated earlier, several PICs are now sponsoring OJT in banking occupations, in the computer field, and in health- and energy-related occupations which hitherto have seldom or never used CETA-funded OJT.

(2) The Nature and Duration of training

Together the PIC OJT unit and the private employer should work out an outline of the training to be given to program participants. This document will be useful to the PIC as a basis for monitoring the training, and could be given to trainees so that they will know what is expected of them and what the employer has agreed to do in terms of imparting new skills. The PIC should solicit help from other elements of the CETA system or from the local Employment Security office to see that training proposed by an employer meets recognized standards for the particular occupation. The training outline should specify the job for which applicants will be trained, give a breakdown of the major tasks involved in training, and specify a time frame for the completion of training. The PIC should examine proposed time frames against the Specific Vocational Preparation (SVP) Estimates for Occupations,[1] a companion volume to DOL's Dictionary of Occupational Titles (4th edition), or against some other recognized standard, such as training guidelines for apprenticeable occupations, to ensure that the proposed training time is appropriate to the occupation. CETA regulations do permit training time to be extended (i.e., beyond that specified in the SVP estimates) in special circumstances. If the trainees are especially disadvantaged from an educational standpoint, or if they are physically handicapped, a longer training period could probably be approved. Training time may also be extended if it can be shown that an occupation requires a particularly high skill level.

(3) Reimbursement to Private Employers for Training

One major achievement of the revised CETA regulations for OJT was standardization of reimbursement for OJT. The current regulations provide that employers be reimbursed for OJT utilizing a fixed unit cost method based on 50 percent of the trainee's wage, exclusive of fringe benefits. This standard will be highly useful in marketing OJT because it relieves firms of the necessity of providing a detailed account of costs of training.

Reimbursement can be negotiated higher or lower, depending on circumstances. A large firm contracting to train many new employees may well have a training program, facilities, and instructors aleady in place, and thus might find a lower reimbursement rate quite acceptable. A higher reimbursement rate would be required, on the other hand, in a program of expanded or highly technical training, in programs serving special classes of clients (e.g., the handicapped or mentally retarded), and in programs where employers provide supportive services along with OJT. There may

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[1] U.S. Department of Labor Employment & Training Administration, February 1978 (Interim Edition).

be geographical factors which impact on the cost of training, and thus necessitate a higher reimbursement rate. For example, OJT program operators in Puerto Rico have had to increase reimbursement in some instances to permit trainees to travel to the mainland to obtain a necessary element of their training.

The revised regulations for OJT also permit a variable reimbursement rate. This concept is discussed in Part Four, Section B. Reimbursement options also might vary if training is combined with other allowable program activities, such as classroom training. This option is discussed in Part Four, Section A.

(4) Support Services to Clients

Like other OJT program operators, PICs will have to give some attention to support services for OJT clients. Experience has shown that disadvantaged clients often need a wide range of services beyond training and placement so that they can function effectively on the job.[2] The PIC or Prime Sponsor can choose several approaches to the provision of support services. It can provide them directly, contract with local providers used successfully in the past by CETA programs, develop referral mechanisms and memoranda of agreement with community service providers, or include some support services as part of a package that employers will provide to clients along with training. This latter approach has been used with success in the past, and has often been referred to as "high support" OJT, in contrast to "low support" OJT where support services are not part of the agreement. There are some advantages to the high support model, the main one being that of convenience. The job and the services will be "housed under one roof," so to speak.

Types of approved support services include:

- Health care and medical services, including expenditures for medical examinations, minor medical and dental treatment, and glasses and hearing aids, when these are not available from other payment sources, such as Medicaid. To be approved, the services must be over and above those provided by the employer as part of a regular health benefits plan. Through business connections, the employer (or the PIC) may be able to arrange these services for CETA clients at low cost.

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[2] For a full discussion of this topic, see Susan Turner and Carolyn Conradus, Supportive Services: CETA Program Models (Washington, D.C.: U.S. Department of Labor, Employment & Training Administration, 1978). Available from U.S. Government Printing Office, Stock No. 029-000-00323-8, $1.50.

- Child Care--Normally, CETA will pay for child care only until the trainee starts receiving a paycheck; but there may be special circumstances that warrant extension of this service. Some companies have extended cash payments to trainees until their wages are high enough to cover child care. Some larger companies are beginning to install day care centers for workers' children; others might do so with encouragement from the PIC. In any event, the PIC should know about community sources of day care and average costs of care before writing an agreement to reimburse the employer for providing child care.

- Transportation--Difficulties in transportation have historically been a major reason for trainee terminations, and will probably continue to plague OJT programs as gasoline prices soar ever higher. In some cases, CETA will pay for transportation to and from the work site, at least until the trainee starts receiving a paycheck. This is an area in which the PIC might utilize creativity and innovation. The PIC could encourage carpools or even fund vanpools for OJT clients working at the same site; it could negotiate reduced rates on buses from local carriers; at a minimum, the PIC could provide bus and subway schedules to trainees.

- Temporary Shelter--Like day care and transportation, temporary shelter can be funded as a stop-gap measure until the client begins receiving a wage. This kind of service might be required for clients who have recently relocated to the area, who have just been released from jail or another institution, or who are suffering domestic difficulties.

- Assistance in Securing Bond--Certain kinds of jobs, e.g., those involving security or handling of cash or valuables, require employees to be bonded. Some client may experience difficulty in being bonded, especially ex-offenders. The PIC should know of resources available to assist with problems of this nature. DOL sponsors a Federal Bonding Program administered by local Job Service offices. Under this program, bonds of up to $10,000 may be provided for persons who cannot be bonded through other sources.

- Family Planning Services--Such services can be made available to participants on a voluntary basis; they cannot be a prerequisite for employment. Providers must be recognized and accredited (physicians, nurse-practitioners, clinics, etc.).

- Legal Services--Some clients might need legal or paralegal services to help them with noncriminal matters such as eviction, default on debt payments, debt reorganization, closeout of police records, injunctions against garnishments, bankruptcy, etc. The PIC should obtain information about low-cost community legal resources, and refer clients accordingly.

- Financial Counseling and Assistance--Certain clients may require counseling or assistance in basic budgeting, reconciling checking

accounts, preparing tax forms, and similar matters. They may even need an immediate cash advance to enable them to go on a job interview. Some program operators in the past have accommodated clients' immediate needs from a petty cash fund.

Depending on the needs of clients and the capabilities of employers to provide some of these services, the PIC can develop a plan of support services to be included in an OJT agreement. Again, the concepts of innovation and flexibility should guide the PIC in these decisions. A large company interested in employing CETA clients might make a very attractive package of support services--including child care, medical services, and transportation--to be included as part of an OJT agreement.

Support services are provided on a temporary basis while the client is beginning his or her career, they are intended to tide the client over an initial period, not to foster dependency. PICs and other OJT program operators, as well as employers supplying support services, should make sure that clients understand that these services are temporary, and that the clients are prepared for the point when funded services expire.

B. The Format of an OJT Agreement

For the first time in the 1979 regulations, the minimum provisions of an OJT training agreement have been stipulated. They include:

- A training outline
- A statement of the method and amount of reimbursement, and a justification if the reimbursement exceeds 50 percent of the participant's wage
- A statement of the number of trainees served
- A job description and specification of the participant wage rate
- Reporting requirements
- Recordkeeping requirements
- Specification of costs (other than training costs) to be reimbursed (i.e., for classroom training, employment and training services, or support services to trainees), and the documentation required to support these costs
- A termination clause for default
- An assurance that the employer will comply with CETA legislation and regulations

The regulations further state that these minimum elements will be the only basis on which DOL will audit agreements, and that program sponsors may add other

provisions only after carefully assessing the burden they might place on participating employers.

These minimum elements represent the recommendations and best practices of CETA field programs across the country. Limiting the agreement to these elements, and avoiding the voluminous assurances, extra provisions, and certifications that were often employed in the past, will have a positive effect on an employer's willingness to participate in CETA OJT.

C. Reporting and Recordkeeping

In keeping with the current policy to streamline OJT and reduce paperwork to a minimum, the OJT regulations require reporting systems based, in large part, on the personnel and payroll reporting systems that employers normally use for all employees. The frequency of reporting can be negotiated by the PIC and the private employer; and the monthly or quarterly report will be presented along with the employer's invoice for payment. Items that should be reported are:

- Trainees currently on board
- Occupations in which participants are being trained
- Number of hours on-the-job for the period being reported
- Wages paid to trainees during the reporting period

The following pages present a set of forms adopted from those currently being used by an OJT program operator. They include:

- OJT agreement
- Program proposal
- Training outline
- Descriptions of additional service components:
  - Job-Related Education
  - Orientation
  - Supportive Services
- Program cost data summary (low support and high support)
- Monthly progress report and invoice

This sample may suggest a basic format that a PIC could adapt to suit its own needs. In creating or adapting formats for OJT documents, the PIC should consult with its own legal advisors, and ensure that the documents comply with the Prime Sponsor's reporting needs.

PRIVATE INDUSTRY COUNCIL

ON-THE-JOB TRAINING AGREEMENT

Company Name			Contract No.
Company Address			Company's IRS No.
City and State		Zip Code	County
Contract Person(Invoice Signatory)			SIC Code
Telephone No.	No. of Company's Permanent Employees		No. of Trainees Authorized
TYPE OF COMPANY (Check One)			CONTRACT PERIOD
☐ Corporation ☐ Partnership ☐ Individual			Effective Date / Ending Date
☐ Other (Specify):			Maximum Allowable Cost for This Agreement

_____ Private Industry Council (hereinafter called the PIC) and the individual, partnership, agency, joint venture, or corporation named above, (hereinafter called the Contractor) mutually agree to participate in an Employment and Training Program in accordance with the law and regulations of the Comprehensive Employment and Training Act (CETA), as amended. The Contractor shall provide employment, on-the-job training, and other services as specified in the Proposal attached hereto. Reimbursement by the PIC to the Contractor under this AGREEMENT shall not exceed $. Employee-trainee(s) eligible hereunder must be certified by the PIC and/or the CETA Prime Sponsor. Contractor shall submit a monthly progress report/invoice which includes a monthly statement of component costs, and a final report. Appropriate forms and reporting instructions will be provided by the PIC for all reports required hereunder.

Name of Contractor		Name of PIC	
Authorized Signature	Date Signed	Authorized Signature	Date Signed
Typed Name and Title		Typed Name and Title	
Witness			Date Signed

CONTRACTOR CERTIFICATION

I, _____, certify that I am the

_____ of _____

(Position/Title) (Company Name)

named as Contractor herein; and that this agreement was duly signed for in behalf of said Contractor by the authority of its governing bodies and is within the scope of its powers.

Contractor's Signature	Date

329-613 O - 80 - 4

PRIVATE INDUSTRY COUNCIL

ON-THE-JOB TRAINING PROGRAM PROPOSAL

Company Name	
Date of Proposal	Agreement Number

1. Name of Contact Person Responsible for Operation of Agreement

2. Total Number of Permanent Employees in Regular Full-Time Work Force

The maximum number of employees to be trained under this agreement shall not exceed twenty-five percent (25%) of the employer's full-time work force, except where an employer's total regular full-time work force is less than four (4) in which event one (1) trainee will be allowed upon determination that such employer has adequate training capabilities.

3. Address Where Training Will Take Place

4. Hiring Schedule	First 30-Day Period	Second 30-Day Period

Under the hire-first principle, the contractor must hire an individual prior to his/her receiving any training or support service. All employers will be expected to fill all job openings under this agreement during the first 60 days after the agreement's effective date. Monies for slots that are unfilled after the hiring schedule has been concluded will be automatically deobligated from the agreement by use of a unilateral modification. Please indicate above the expected rate at which individuals will be hired in each successive 30-day period.

5. It is the intent of this agreement to reimburse the employer for those costs of recruiting, training, and supportive services and the costs of lower productivity associated with employing an individual who lacks the requisite skills, to perform the job in which the individual is placed.
Under this agreement, the employer ☐ will ☐ will not be reimbursed for providing additional services (Job-Related Education, Orientation, and Support Services. Additional services included in this agreement are described in attachments to this proposal.

6. Authorized Company Representative

Name

P. O. Box or Address

City and State	Zip	Phone Number

TRAINING OUTLINE

(Contractor must prepare one of these forms for each occupation.)

(A) Occupation	(B) DOT No.	(C) SVP Estimate

(D) No. to Be Trained in This Occupation:	(E) Total Hours of OJT Per Employee:	(F) Fixed Hourly Reimbursement Per Employee/Trainee:

(G) Maximum Allowable Cost of OJT: (D) x (E) x (F)	Starting Wage	Ending Wage

TRAINING OUTLINE	Name(s) of Trainers
Job Description	
Breakdown of Training Tasks (add pages as necessary)	Percentage of Total Time

Concurrence of Collective Bargaining Agent:	Apprenticeable Occupations:
Is the occupation(s) included in this contract subject to a collective bargaining agreement? ☐ yes ☐ no If yes, concurrence of the collective bargaining agent with the OJT program and wage rates is indicated below. Signature Union Affiliation	Is the training in an apprenticeable occupation? ☐ yes ☐ no If yes, will a formal apprenticeship program be provided with the assistance of the State Apprenticeship Council (SAC) or the State representative of the Bureau of Apprenticeship and Training (BAT), U. S. Department of Labor? ☐ yes ☐ no SAT/BAT Representative Notified:

JOB-RELATED EDUCATION OUTLINE

(Contractor must prepare one of these forms for each occupation.)

(a) Occupation		(b) DOT No.
(b) Authorized Number of Employee Trainees for This Occupation:	(d) Number of Employee-Trainees in the Occupation to Receive This Component:	(e) Hours of JRE Per Employee-Trainee:

(f-1) Fixed Cost Per Instructional Hours:	(f-2) Hourly Reimbursement Rate:	(f-3) Hourly Cost of JRE Per Employee-Trainee (Item f-1 + Item f-2)

(g) Maximum Allowable Cost of This Component: (d) x (e) x (f-3):

Describe concisely the curriculum for this component including the job-related subjects to be presented in each occupation.

TRAINING OUTLINE	Percentage of Total Training Time

ORIENTATION OUTLINE

(Contractor must prepare one of these forms for each occupation.) This component must be provided within the first ten (10) working days of the employee-trainee's hire date.

(a) Occupation		(b) DOT No.
(c) Authorized Number of Employee-Trainees for the Occupation:	(d) Number of Employee-Trainees to Receive Orientation:	(e) Hours of Orientation Per Employee-Trainee:

(f-1) Fixed Cost Per Orientation Hour:	(f-2) Hourly Reimbursement Rate:	(f-3) Hourly Cost of Orientation Per Employee-Trainee (f-1 + f-2):

(g) Maximum Allowable Cost of Orientation (d) x (e) x (f-3):

Concise description of the services to be provided and the topics to be covered:

SUPPORTIVE SERVICES OUTLINE		
Maximum Cost Per Employee-Trainee:	Total Number of Employee-Trainees:	Maximum Cost for This Component:

This assistance is to be provided to the employee-trainee for a short period of time to cover the cost of: (Check as applicable)

☐ Transportation to and from the job site until such time as the employee-trainee is in receipt of a pay check and can financially assume his/her own transportation expenses. This assistance can be in the form of carfare, car-pool expenses, minor auto repairs, or cash advances for gasoline purchases.

☐ Child-care services to allow the employee-trainee the opportunity to seek and hold a responsible position without the financial burden of paying for this service. This assistance will be provided until trainees' wages are high enough to reasonably allow them to assume costs of child care.

☐ Medical/dental services to include an initial physical examination, minor medical and dental treatment, and inexpensive prostheses such as glasses, teeth, and hearing aids when not available from other sources.

☐ Other (Describe):

For Supportive Services, payment will be limited to the actual costs incurred, not to exceed the total per trainee as shown above. This assistance allowance can be used to cover costs of one or all of the services described above, depending upon the needs of the individual employee-trainee.

PROGRAM COST DATA SUMMARY (LOW SUPPORT MODEL)

Agreement No.

Occupation and 9-Digit DOT Code 1	Starting Employee Wage Rate (Per Hour) 2	Hourly Reimbursement Rate 3	Number of Training Hours Per Employee 4	Number of Employees 5	Total OJT Cost Col. 3 X Col. 4 X Col. 5) 6	Ending Employee Wage Rate 7	Estimated Starting Date 8	Estimated Ending Date 9

10. Total Training Hours (Col. 4 X Col. 5)

11. Total OJT Cost (Total Col. 6)

I have reviewed this agreement and attachment and verify the content as correctly reflecting our on-the-job training commitment. I understand this agreement is considered effective subject to signed approval by all parties to the agreement. I understand any person hired for the purpose of this agreement shall have been already certified as eligible by the PIC and/or the local CETA Prime Sponsor. I understand the starting employee wage rate must meet or exceed the minimum wage as stated in the Fair Labor Standards Act as amended. I understand our responsibility to retain the employee(s) at the same full-time position level upon satisfactory completion of the training, and to meet the ending wage rate specified above. Further, I understand the employee(s) should not be terminated without prior notice to both the employee(s) and to the PIC, to provide opportunity for correction or improvement.

Signature of Authorized Contractor Representative (as shown on page 1)

PROGRAM COST DATA SUMMARY (HIGH SUPPORT MODEL)

Agreement No.

Occupation, DOT Code 1	Formula to Multiply Cost 2	OJT 3	JRE 4	Orientation 5	Supportive Services Transportation, Child-Care, Medical/Dental 6	Total Cost by Occupation 7
(a) Occupation	(c) Number of Individuals					
	(d) Hours (or Costs) Per Individual					
	(e) Hourly Reimbursement Rate					
(b) DOT	(f) Component Cost					
(a) Occupation	(c) Number of Individuals					
	(d) Hours (or Costs) Per Individual					
	(e) Hourly Reimbursement Rate					
(b) DOT	(f) Component Cost					
(a) Occupation	(c) Number of Individuals					
	(d) Hours (or Costs) Per Individual					
	(e) Hourly Reimbursement Rate					
(b) DOT	(f) Component Cost					
(a) Occupation	(c) Number of Individuals					
	(d) Hours (or Costs) Per Individual					
	(e) Hourly Reimbursement Rate					
(b) DOT	(f) Component Cost					
(a) Occupation	(c) Number of Individuals					
	(d) Hours (or Costs) Per Individual					
	(e) Hourly Reimbursement Rate					
(b) DOT	(f) Component Cost					
(a) Occupation	(c) Number of Individuals					
	(d) Hours (or Costs) Per Individual					
	(e) Hourly Reimbursement Rate					
(b) DOT	(f) Component Cost					
					TOTAL AGREEMENT COST	

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I have reviewed this agreement and attachment and verify the content as correctly reflecting our training commitment. I understand this agreement is considered effective subject to signed approval by all parties to the agreement. I understand any person hired for the purpose of this agreement shall have been already certified as eligible by the PIC and/or the local CETA Prime Sponsor. I understand the starting wage rate as shown in the agreement must meet or exceed the minimum wage as stated in the Fair Labor Standards Acts as amended. I understand our responsibility to retain the employee(s) at the same full-time position level upon satisfactory completion of the contracted training, and to meet the ending wage rate as specified. Further, I understand the employee(s) should not be terminated without prior notice to both the employee(s) and to the PIC, to provide opportunity for correction or improvement.

Signature of Authorized Contractor Representative (as shown on page 1)

Invoice No.

☐ Initial Invoice
☐ Interim Invoice
☐ Final Invoice

PRIVATE INDUSTRY COUNCIL

OJT MONTHLY PROGRESS REPORT/INVOICE

Page _____ of _____ Pages

1. Contractor	2. Address (Street, City, State, ZIP Code)	3. Period of Agreement Mo. Da. Yr. to Mo. Da. Yr.	4. End Date of Report Period Mo. Da. Yr.

5. Agreement Number	6. Total Amount Authorized	7. Total Hours Authorized	8. Positions Authorized	9. Support Services Codes:
				1. JRE Hourly Rate 2. Orientation Hourly Rate 3. ☐ Medical/Dental 4. ☐ Child Care 5. ☐ Transportation 6. Total Cost Supportive Services

Trainee Name / Occupation / Social Security Number / Hours Authorized	Dates: Active (B)	Dates: Completed (C)	Dates: Dropped Out or Term. (D)	Supportive Services: Code (E)	Supportive Services: Aggregate Hours (F)	Supportive Services: Aggregate Cost (G)	Supportive Services: Code (H)	Supportive Services: Aggregate Cost (I)	Aggregate Hours OJT (J)	Hourly Reimbus. Rate OJT (K)	Total J x K (L)	Total Reimbursement to Date Add I-6 + L (M)
Name Occupation SSN ___ Hours ___				1 2 3			4 5 6					
Name Occupation SSN ___ Hours ___				1 2 3			4 5 6					
Name Occupation SSN ___ Hours ___				1 2 3			4 5 6					
Name Occupation SSN ___ Hours ___				1 2 3			4 5 6					
Name Occupation SSN ___ Hours ___				1 2 3			4 5 6					
Name Occupation SSN ___ Hours ___				1 2 3			4 5 6					
TOTAL				* Payroll Records Verified ☐ Yes ☐ No								

10. Contractor's Certification:

I certify that the amount claimed in this invoice constitutes authorized payments in accordance with the special provisions and terms of the agreement

Signature _____ Date _____

11. Agency Officer's Certification

I certify that performance is satisfactory for payment purposes.

Signature _____ Date _____

12. PIC Fiscal Section

Payment Date

Examiner's Signature

13. Total	
14. Less Invoiced to Date	
15. Amt. Claimed This Inv.	

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PART FOUR

TAILORING OJT TO LOCAL NEEDS--INNOVATIONS AND VARIATIONS ON BASIC OJT MODELS

One of the most important aspects of PSIP will be tailoring employment and training programs to specific local needs and priorities. In designing OJT programs, the Private Industry Council will need to study carefully what the CETA Prime Sponsor has been doing during the past years, taking note of what has and has not worked well in the past. But instead of merely retracing the ground broken earlier by the Prime Sponsor, the PIC is urged to be creative in seeking out and trying new ways of sponsoring OJT or combining OJT with other kinds of services. Some recognized variants--both programmatic and contractual--are discussed in this chapter.

A. Programmatic Variations on OJT

Programmatic variations are those which involve the actual content of the training program. These include:

(1) Upgrading Combined with OJT

One option that might be attractive to many employers is to combine OJT for entering employees with upgrade training for employees already on board. Upgrading is training given to individuals so that they can advance above an entry-level or dead-end employment position. As an employment and training program, upgrading addresses artificial barriers to upward mobility that restrict particular classes of workers, notably minorities and women, to low-skilled, low-paying jobs in spite of their abilities to undertake more responsible work. Upgrading of Title VII participants has been limited in the past, because eligibility for Title VII was restricted to the economically disadvantaged; and few employed persons could meet the income standards by which eligibility for services is determined. CETA regulations now permit Prime Sponsors and PICs to use a certain percentage of Title VII funds to train private sector employees for upgraded jobs; low income will not be a factor in determining eligibility. As much as 6.5 percent of the Title VII allocation can be used to enroll participants in upgrading programs. The allowable percentage rises to 20 percent if the PIC can obtain an agreement from employers to back-fill positions vacated by upgraded employees with economically disadvantaged persons. It is also possible for the PIC to negotiate other types of quid pro quo agreements with an employer besides a one-for-one backfill of lower-level positions. For example, the agreement might include a provision that for every upgrade position funded, the company will create a certain number of summer jobs for youths, a number of cooperative education slots, and a number of OJT positions. Another offer

the PIC might make an employer is to fund upgrading in exchange for a "right of first referral" agreement on all jobs for its clients over a given period of time.

Many models of providing upgrade training have been tried in the past. Some of these include: tuition refunds from employers, education in the theoretical aspects of a more advanced position provided on the job site by the employer, and advanced on-site training that has been synchronized with lay-off time. This latter option has had some success on the West Coast: one program operator funded upgrade training and paid transportation expenses for certain laid-off workers in the canning industry where seasonal employment is a fact of life. Some employers, impressed by the subsidized program, agreed to continue it permanently at their own expense. Eventually, lay-off time training became institutionalized in the employers' collective bargaining agreements.

To become acquainted with various models and issues in upgrading, PIC staff should review the publication, Upgrading--Problems and Potentialities: The R & D Experience, by Florence M. Casey,[1] which outlines single- and multi-step upgrading, career progression systems, upgrading through education, and upgrading via employer services. The monograph includes a number of case studies and evaluates past demonstration projects, pointing out a number of the factors influencing the outcome of upgrade training programs.

(2) Combining Classroom Training and OJT

The PIC's OJT unit might find that before clients actually begin the job they are in need of specific remedial education, or that certain elements of the occupation for which they are preparing can best be taught in a classroom. In the past, CETA programs have drawn sharp distinctions between OJT and institutional or classroom training, reserving the latter for instances where the theoretical content of the new occupation is extensive, where substantial training has to precede production, where supervision is difficult or impossible, where safety is an important consideration, and where the work situation can be synthesized to give realism to the training. Currently, in keeping with the Title VII emphasis on flexibility and innovation, many PICs are sponsoring programs which combine classroom training and OJT. Factors which might be considered in this option include:

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[1] Department of Labor, Employment & Training Administration, Office of Policy, Evaluation and, Research, 1975. Available from U.S. Government Printing Office, Stock No. 029-000-00234-7, $1.20.

- The Provider of Training--The classroom portion of training could be provided by the PIC itself; by representatives of the local educational community, such as high school shop instructors, vocational/technical schools, and community colleges; or by the employer. It should be noted that, if employers themselves provide classroom training for OJT enrollees, reimbursement may be up to 100 percent for the costs of the classroom portion of training. The PIC might find that one employer in the area has in place a training facility that has been developed and refined over a long period, and might contract with that employer to provide pre-job classroom training to OJT clients who then are placed in other firms.

- The Scheduling of Training--Classroom training could be provided all at once in a two-week (approximate) period preceding OJT, after working hours several times a week, or at intermittent periods throughout the OJT period. PICs might be warned that classroom training after working hours is sometimes unacceptable to clients; it creates transportation and babysitting problems for them, and might be a factor in early terminations.

- The Nature of Training--PICs interested in a centralized classroom training establishment might investigate the local labor market to see what kinds of generic training would suit certain job clusters, and develop a classroom model to complement OJT in those occupations.

  Some PICs have evolved classroom training models based on occupational areas that have recently experienced high growth in their locales. In New England, for example, energy-related and information processing industries are growing rapidly; and PICs have cooperated with employer groups in developing classroom modules giving OJT clients an introduction to both theoretical and practical aspects of those fields prior to placing them on the job.

- Clients' Needs for Training--Assessing OJT clients and their level of job-readiness over time, the PIC might wish to institute pre-job training programs in core subjects such as English and mathematics. This is particularly important when the PIC is concentrating on a client group such as women returning to the workforce after a long absence, or youths who haven't finished high school. A "refresher course" in basic subjects could be a key factor in the client's success on the job.

A program combining classroom and on-the-job training is a particularly good choice for high-skilled jobs requiring extensive theoretical/technical knowledge. Such jobs may require 6 to 12 months of classroom (basic education and technical) training, plus an additional 3 to 6 months of OJT. The two activities need not be sequential; the program design could specify an integrated classroom/work site schedule, with trainees spending most of

their time in the classroom work in the earlier part of the training period, and gradually shifting to more and more time on the job as the training period progresses.

Combining classroom training and OJT may be a useful approach in attaining another PSIP objective, i.e., maximizing employment opportunities in smaller firms. Smaller establishments have limited training facilities and fewer supervisors, and thus might well be interested in OJT clients who had been given intensive preparation elsewhere in a classroom setting.

(3) Combining Title VII OJT and Apprenticeship

Another option the PIC might want to consider is combining Title VII activities with apprenticeship in certain eligible occupations. Apprenticeship is the original model for OJT; the main difference is that an apprenticeship lasts much longer than the period for which a subsidized OJT slot would normally be funded. Even though there is this great disparity in time frames, there is no reason why the original weeks of an apprenticeship program could not be funded through Title VII OJT. Apprenticeship is a good model for PICs to consider, because continual upgrading of skills is built into the program, and at the end of the line is a journey-level position and a highly paid skill.

Each local Private Industry Council has members representing the skilled trades and the apprenticeship community. These individuals can help devise OJT programs in apprenticeable occupations, and tailor them expressly to the local labor market. Also, DOL's Bureau of Apprenticeship and Training has developed models for subsidized OJT in apprenticeable positions which might serve as a resource. Finally, there are Apprenticeship Training Representatives in State and area offices throughout the country who will gladly assist the PIC in steering clients towards apprenticeable trades and in developing OJT training activities/guidelines that are consonant with Federal and State standards for apprenticeship training in a particular occupation.

B. Contractual Variations in OJT Programming

Another set of innovations or variations that the PIC could incorporate into its overall plan for OJT concerns variations in the contractual aspects of OJT. The following models have been tried before with a certain degree of success:

(1) Declining or Variable Reimbursement Rate

Employers might find it especially beneficial to adopt a variable reimbursement rate for OJT programs. In this model, employers can be reimbursed for training costs on a declining schedule, e.g.:

- 80 percent of the trainee's wage for the first 200 hours
- 50 percent of the wage for the next 200 hours
- 30 percent for the remaining time of training

The rationale behind such a reimbursement rate is that the employer experiences higher costs of training initially, but as the trainee becomes more productive, training costs decline.

This method obviously requires more complicated accounting; the PIC can help the employer with this service. Of course, such a contract must be carefully monitored to see that trainees are not being displaced after the "high end" of the reimbursement scale is over.

This method has been used with some success, and is specifically referenced in the revised OJT regulations, which state that declining reimbursement can be used as long as the planned average reimbursement does not exceed the reimbursement level approved for the entire period of training. The regulations go on to warn that, if significant numbers of participants are found to leave after the high end of the scale, the measure will be altered or curtailed.

(2) Contract Extension

This concept focuses on approving all OJT contracts initially for a short period of training, perhaps as much as 500 hours. Toward the end of the training period, the trainees' needs and desires for further training are assessed, along with the employer's overall performance and effectiveness as a trainer. If a need can be identified and the employer is deemed eligible, the contract is extended and further reimbursement is approved. Although this method increases administrative time and costs, some offsetting advantages include the capability to relate expenditures more closely to the needs of both employers and trainees, and the provision of a mechanism for evaluating performance and need periodically. This kind of mechanism might combine well with upgrade training in high growth industries, where new workers are constantly entering, and where occupations have recognizable ladders from one skill level to another.

(3) Vouchers for OJT

In this innovative model, some unusually assertive and well-motivated clients are given a short but intensive course in job seeking and some well chosen job leads, then fare forth on their own to get a job. They are also furnished with a voucher from the employment and training program and a letter explaining that the candidate is eligible for OJT which will be subsidized through Federal funds. Once the candidate lands the job, the subsequent OJT contract works much like any other: the employer agrees to train the individual in a specific occuption, and in return is reimbursed up to 50 percent of the trainee's entry-level wage. The voucher for OJT might be particularly appropriate for use in a smaller business establishment which can absorb only one or two trainees at one time. Although obviously not suitable for every program candidate, the voucher contract model has several notable advantages: it encourages the client to take charge of his or her own future; it allows the client the widest possible range of choices of occupations, as opposed to fitting him into a "slot" in

a prepackaged program; and it assures at the outset that some satisfactory arrangements are worked out between the individual client and the employer who, after all, are the object of the whole OJT endeavor.

The voucher method has been successfully used by a Work Incentive program in a western State. Employers were receptive to the concept and believed that vouchered trainees were capable of making informed choices of employment.[2] One drawback is that the voucher contract demands administrative time and staff support that may be disproportionate to the benefits achieved by helping a single client.

(4) Three-Party Contracts

In some instances it might be a good idea to have the OJT trainee be a signatory to an OJT contract. The PIC could look to the apprenticeship indenture as a model of how this concept would work. The three-party contract would assure that the client knows his rights and duties as an employee, and would promote better flow of information and communication among all parties.

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[2] John C. Weidman, "Vouchered On-the-Job Training in the Portland WIN Program: Employer's Responses," Evaluation Quarterly 3:3 (August, 1979), 65-384.

PART FIVE

MONITORING AND MANAGING THE PIC OJT PROGRAM

This chapter covers areas necessary to the effective management of OJT programs: servicing individual OJT agreements, monitoring the OJT program as a whole for compliance with its stated plans and policies and with CETA regulations, tracking program performance and managing activity levels, and budgeting program funds.

A. Servicing Individual OJT Agreements

Once an agreement has been signed and trainees have begun OJT, the PIC has a continuing role as a facilitator and preserver of good relationships between the CETA program and private employers. This phase of OJT is a good opportunity for the PIC to make full use of the expertise of employers in refining training to suit individual groups of trainees, and to act on employers' suggestions as to how the agreement may best be managed to answer both the needs of trainees and those of the business or industry. In keeping with the concept of "full partnership for business" inherent in the Title VII legislation, and with the research and demonstration aspects of PSIP, the PIC should interact with the OJT employer throughout the period of subsidized training. Their relationship should be that of peers cooperating in pursuit of a common goal--production of skilled workers--and will involve mutual discovery and exploration of the best methods to achieve that goal.

In servicing contracts, CSRs will perform the following kinds of activities:

- Monthly desk reviews of reports and performance indicators (e.g., numbers of placements) on the agreements he/she has developed
- Telephone contact with trainees and supervisors, as needed
- Monthly visits to the training sites to interview supervisors and selected trainees
- Assistance to employers in filling out invoices for payment

On site visits should be brief and scheduled so as to interrupt working hours as little as possible. Questions and checklists can be developed beforehand so that the CSR can quickly assess the program's status. The CSR should determine whether trainees are satisfied with the training program and their own progress, and with the supportive services provided (if any). Employers should be asked whether they, in turn, are satisfied with the trainees' performance and progress, and whether there are specific problems--lateness, absence,

misbehavior--with one or more trainees. The CSR should seek suggestions from the employer on what specific technical assistance from the PIC might help in solving problems that have arisen.

B. Monitoring the Overall OJT Program

To ensure that the OJT program is operating in compliance with the PIC's policies and objectives, as well as with the Prime Sponsor's policies and CETA regulations, the PIC's quality control staff will perform a number of specific monitoring activities. Monitoring--collecting data on the program's operations and performance, analyzing the data, and evaluating it against various performance or operational standards--is an important function to ensure that the program remains on track and helps as many people as possible.

A checklist is presented on pages 38 through 43 as a guideline for PIC's in monitoring the OJT program. The checklist presents twelve general areas of the program:

- Planning
- Participant selection
- Occupations
- Nature of training
- Combined activities
- Framing of agreements
- Additional services
- Wages for participants
- Employees' benefits and working conditions
- Consultation with labor unions
- Reimbursement to employers
- Linkages with other elements of the employment and training system
- Equal employment and affirmative action

For each program area, the compliance standard, i.e., the applicable section of the CETA regulations, is referenced. The PIC should add other standards--for example, relevant sections of the Prime Sponsor's Annual Plan, PIC operating manuals, etc.--as they may be needed. The checklist shows a set of inquiries and related monitoring activities for each program area. Here, too, the PIC will want to supplement these sections or modify them in light of specific local circumstances.

PRIVATE INDUSTRY COUNCIL

OJT PROGRAM
MONITORING CHECKLIST

Program Area	Compliance Standard	Inquiry	Monitoring Activity
1. Planning	679.3-7(b)	Has the PIC analyzed job opportunities in the private sector making estimates by industry, occupation, and location? Have employment demands and training opportunities been surveyed? What projections of short- and long-term employment needs have been made?	Review Title VII subpart of Prime Sponsor's Annual Plan; compare occupations/industries in which OJT is funded to ensure that these match the priority areas identified in the Annual Plan.
		What sources has the PIC used in making these analyses? . Area economic development plans . Available labor market information from SESA's and apprenticeship agencies	Collect data on Federal grants and contracts from such agencies as the Department of Housing and Urban Development, the Economic Development Administration, the Community Services Administration, and Small Business Administration, that have been awarded locally; review for private-sector subcontractors; review contract provisions regarding employment set-asides for CETA workers.
2. Participant Selection	679.2 675.5-2 675.5-7 676.75-3	Are persons participating in Title VII OJT economically disadvantaged and unemployed, underemployed, or in school? Who is responsible for eligibility certification? What steps are taken if it can be shown that an ineligible individual is occupying an OJT slot?	Review participants' folders to make sure eligibility has been determined through Prime Sponsor's intake system.
	676.25-2(b) 675.6 677.2	Can it be shown that participants are actually in need of training? What procedures are used to determine applicants most suitable for OJT? . Aptitude tests . Vocational preference tests . Participants' statements of interest	Review participants' work histories to see whether they have been employed previously in skilled or semi-skilled positions. Review Prime Sponsor's or PIC's employability development plans for participants.
		Are employers permitted to make a final selection from among participants referred for OJT?	Interview employers.

Program Area	Compliance Standard	Inquiry	Monitoring Activity
3. Occupations	676.25-1(b)(1), (2), (3) 676.25-2(e)	What are the major occupational areas in which OJT is being conducted?	Review OJT agreements.
		Do these areas conform to the Prime Sponsor's and PIC's priority occupations?	Compare with annual plan.
		If not, what information is used to determine the need for additional workers in occupations in which OJT is being funded; and how recent is this information?	Interview PIC/Prime Sponsor planning staff. Review available planning information on job openings in the area.
		Who are the area's major employers of workers in the occupations in which training is being provided?	Review available labor market information; interview labor market analyst in local Job Service office.
		Are these employers characterized by low wages or high turnover rates? If yes, have any OJT participants been placed with these employers?	
		In each occupation in which OJT is being conducted, is there a documented need for training in specific skills?	Review Specific Vocational Preparation (SVP) estimates or other occupational training criteria.
4. Nature of Training		Is all training directed at the development of skill in a particular occupation?	Review specific OJT agreements.
		Is all training conducted according to a formal training outline that:	
		. Specifies tasks to be undertaken in completion of the training?	
		. Is related to skills required for jobs in the employer's establishment?	
		. Provides for performance of regular work duties and minimum hours/day of direct supervision in the performance of these duties?	
		- What is the minimum hours/days of direct supervision? - Is this supervision being provided?	Interview participants on the job sites.
		Is the training outline drafted by, or in consultation with the company training official?	Review agreement development procedure with Contract Service Representative.
		Is training consonant with applicable industry guidelines?	Compare outline with industry guidelines; e.g., Bureau of Apprenticeship and Training standards for training in apprenticeable occupations, union or company training materials. Compare outline with company training manuals.
		Is training comparable to that given other workers not covered by the OJT agreement?	
		Is training given on site at the employer's business establishment?	Ascertain through site visits.
		If training is to be given in an apprenticeable occupation, have appropriate officials (i.e., area representatives of DOL's Bureau of Apprenticeship and Training (BAT) or representatives of the State Apprenticeship Council (SAC)) been consulted in the development of the training outline?	Review training proposal (outline) for BAT/SAC signoff.

	Program Area	Compliance Standard	Inquiry	Monitoring Activity
4.	Nature of Training (continued)	677.21-26	Does the OJT agreement include provisions for upgrading and/or retraining some workers? If so, is the employer being reimbursed in compliance with the regulations (i.e., 40 percent of participant's wage)? Does the agreement include a provision to back-fill entry-level positions vacated by upgraded employees with CETA eligibles?	Review agreements. Review new hires as reported on employer's monthly invoices.
5.	Combined Activities	676.25-7 676.26-3	Are participants enrolled in other allowable activities besides OJT, e.g., in classroom training? If so, are participants paid for hours they spend in the classroom? (N.B. Employers may be reimbursed up to 100 percent of wages paid to employees for hours spent in classroom training.)	Review agreements and employers' monthly invoices.
6.	Framing of Agreements	676.25-2(g)	Do agreements contain: . Training outline . Method and amount of reimbursement . Number to be trained . Job description and wage rate . Statement of reporting requirements . Costs over and above OJT . Termination clause and assurances	Review sample of recently negotiated agreements.
			If other items are included in the agreement, is there ample justification (e.g., State law)?	
			Are agreement formats clearly laid out and easy to understand?	
			Are formats for agreements consonant with the Prime Sponsor's reporting requirements?	
7.	Additional Services	676.25-2(g)(7) 676.25-5(b) and (c)	What additional services are available to OJT participants?	
			Are there agreements whereby employers themselves supply additional services?	Review agreements.
			For how long a period are services provided?	
			Is reimbursement being claimed for additional services?	Review employers' monthly invoices. Review documentation of costs of services.
			Are trainees receiving additional services?	Interview trainees.
			Are trainees formally notified of additional services the employer has agreed to provide?	
			Are trainees notified as to when the services will terminate?	

	Program Area	Compliance Standard	Inquiry	Monitoring Activity
8.	Wages for Participants	676.25-2(f)	How is the amount of wages and fringe benefits to be received by OJT participants determined?	Review employers' payroll records.
			. Do OJT participants receive the same compensation as other entry-level workers doing the same work for the same employer?	Compare compensation records of OJT participants to those of other employees in similar jobs.
			. Are OJT participants receiving at least the applicable minimum wage (i.e., the highest of Federal or State)?	
			Are wages periodically increased?	
9.	Benefits and Working Conditions	676.27	Are OJT participants covered by workers' compensation, including insurance, at the same level and to the same extent as other similarly employed and covered workers?	Review employee benefits plan.
			If the employer's general work force is not so covered, does the PIC or Prime Sponsor make arrangements for at least medical and accident coverage for OJT employees?	
			Are OJT participants provided health insurance, collective bargaining agreement coverage, and other benefits and working conditions comparable to those of others similarly employed in the establishment?	
		676.27(c)	Are OJT participants provided unemployment insurance compensation coverage?	Review employer's quarterly contribution and wage reports to SESA.
			Are participants fully informed of their rights and benefits upon starting employment?	Interview participants; review employers' orientation materials for new employees.
			Is the location of OJT employment a reasonable distance from the participant's residence?	Interview participants.
			Are work surroundings sanitary and safe?	Inspect during site visit.
10.	Consultation with Labor Unions	676.24	Are there any OJT agreements with employers who have formal collective bargaining agreements? What unions are involved?	Review agreements for references to labor union agreements. Interview employers.
			If applicable, have the appropriate labor unions been consulted in the development of the agreement, reviewed the training plan, and been notified of the award of the agreement?	Review OJT agreement for labor union signoff.
			Have any complaints been made regarding violation of established collective bargaining agreements through the award of OJT agreements?	Review all available documentation.
			If yes, to what extent have these been resolved?	

	Program Area	Compliance Standard	Inquiry	Monitoring Activity
11.	Reimbursement to Employers	676.25-2(f) 676.41-1(a) 676.41-3(b)	Is the PIC using the fixed unit cost method of reimbursement based on 50 percent of the participant's wage?	Review agreements.
			Have opportunities to negotiate a lower rate been explored?	
			If a higher rate has been negotiated, are there justifying circumstances? What are they?	Review Title VII subpart of annual plan.
			If special circumstances arise which warrant reimbursement at a higher rate, has the approval of the Regional Administrator been obtained?	
			Are reimbursement claims supported by adequate documentation?	Review monthly invoices against time and attendance and payroll reports. If reimbursement for additional services is claimed, check supporting documents.
			Is reimbursement made promptly?	Interview employers to determine that payments are received; review payment procedures with PIC or Prime Sponsor fiscal unit.
			If reimbursement is made on a declining scale, are inordinate numbers of trainees being laid off after the high end of the scale?	Review numbers of trainees claimed in successive monthly invoices.
12.	Linkage with Other Elements of the Employment and Training System	676.23	Are all contacts with private sector employers, including soliciting and awarding OJT agreements, planned and carried out in coordination with other elements of the employment and training system? . Does the PIC have linkages with the State Employment Security Agency and its local offices in activities such as job referral and publicity and vouchering for the Targeted Jobs Tax Credit Program? . Is the PIC linking with: - Apprenticeship agencies - Work Incentive programs - Veterans' units in local ES offices, and Veterans Administration OJT programs - Prime Sponsor's Title II-B OJT program	Review Prime Sponsor's annual plan. Reivew written cooperative agreements and operating plans.

	Program Area	Compliance Standard	Inquiry	Monitoring Activity
13.	Equal Employment Opportunity (EEO) and Affirmative Action	676.52 676.53	Are private sector employers informed of CETA regulations regarding nondiscrimination and affirmative action prior to negotiation of agreements?	Review steps in negotiating and developing agreements.
			Is intent to comply with these provisions noted on the written agreement?	
			Does the prospective OJT employer understand how these regulations may impact on his hiring/selection procedures?	Interview employers.
			Does PIC coordinate periodically with Prime Sponsor's EEO unit to obtain advice on advertising of jobs and recruitment of trainees?	
			Is PIC staff conversant with other Federal regulations regarding equal employment and affirmative action, e.g., Office of Federal Contract Compliance Programs and Bureau of Apprenticeship and Training regulations?	Discuss with PIC staff and obtain copies of necessary documents.
			If employers have established selection procedures for incoming employees, have these procedures been validated by the Prime Sponsor as nondiscriminatory?	Check with Prime Sponsor EEO staff.
			Does the PIC cooperate with the Prime Sponsor in recruiting women for nontraditional occupations (occupations where women are less than 25 percent of the work force), and other efforts to eliminate occupational sex stereotyping?	
			If OJT employers are shown to be noncompliant with these regulations, what steps are taken?	Discuss with employers measures to be taken to achieve compliance.

It is important to remember that responsibility for monitoring is shared over many different levels of the CETA system. Besides the CSR, the PIC Director and quality control staff, others who will be involved in monitoring include the Prime Sponsor's Independent Monitoring Unit (IMU) (viz. 20 CFR Part 676.75-2), which conducts on-site visits and reviews program data on agreements between the PIC and the private-sector employer to ensure compliance with the law and regulations and with the provisions of the subagreement. DOL auditors may also examine program records to ensure that CETA requirements are met.

Although some overlapping of monitoring functions is necessary to ensure objectivity, the PIC should give some thought to coordination of monitoring activities, where possible, in order to reduce demands on the employer's time and resultant annoyance. For example, if an IMU staff member has recently conducted a monitoring visit with an OJT employer, a visit from the PIC quality control unit will not be necessary in that same time period. Accordingly, the PIC should ensure that a mechanism is established whereby IMU reports and recommendations to the CETA Director or the jurisdiction's Chief Elected Official are shared with PIC staff. The reports may indicate whether any action is required by the PIC's CSR or other staff in view of the findings of the monitoring visit.

As a final word on monitoring the PIC OJT program: it could be said that the PIC's raison d'etre is establishing and maintaining a good relationship between private sector employers and the CETA program. In this light, PICs have an important responsibility to foster a positive view of monitoring among employers, and to show employers how these activities can help their programs to work to best advantage. If an employer is found to be in noncompliance with some area of program operations--with Equal Employment Opportunity (EEO) regulations, for example--the PIC staff should offer a positive explanation of what is required to achieve compliance. Accordingly, PIC staff must be well versed in applicable legislation and regulations, and prepared to offer solutions to employers when problems of compliance arise. Prominent members of the Private Industry Council should be notified when a serious problem in noncompliance arises with an OJT employer so that they can assist in helping to resolve the issue. It may be that employers will be more cooperative when matters are carefully and tactfully explained to them by a business leader in the community whom they perceive as a peer.

C. Tracking Program Performance and Managing Program Activity Levels

Based on the size of the target population, the anticipated number of slots available in the private sector for OJT, and the amount of funds available for OJT, the PIC will have to set some goals regarding the number of clients to be helped by the program. A monthly schedule should be developed to show planned vs. actual enrollments and other measures such as early terminations and completions of training. In time, the PIC will also need to follow up trainees to determine how long they remain in unsubsidized jobs in the private sector following the period of subsidized training.

A sample program activity chart is shown on page 46. This chart reveals that the PIC planned to enroll 500 CETA clients in OJT during the year, and that 300 (60 percent) were expected to complete training and enter unsubsidized employment. As the chart shows, the PIC met its goal of enrolling 500 clients, but fell short of a 60 percent completion rate.

In the example used here, problems with completions began to emerge during the first quarter (October-December). As the chart indicates, the actual number of early terminations or dropouts greatly exceeded the anticipated number. At this point, the PIC OJT component had early warning of some problems in the programs, and still had time to take steps to correct them.

Any number of reasons could account for early terminations. Like other workers, OJT clients might move out of the area, return to school full time, or leave the workforce for medical reasons. Other causes of early termination include:

- The client had difficulties in work adjustment
- The employer failed to reimburse the trainee at the agreed wage, or to supply agreed support services
- The client required remedial education before he/she could be considered job ready.

The Prime Sponsor can advise the PIC how to document reasons for termination. In the aggregate, as shown on the program activity chart, these data provide timely clues if a problem exists, so that corrective measures can be instituted.

Over time, followup data on those who have completed OJT will also prove valuable to the PIC. If it is found that many clients are unemployed following training, this might suggest to the PIC that it has not reached the likeliest prospects in business, or has not focused on occupations most in demand in its geographic area; or this information might be a clue that clients need more intensive preparation and/or a variety of support services before they can be expected to function in a long-term work situation.

D. Budgeting

Having received its allocation of CETA funds, the PIC must determine the level of funding required for OJT. The budget must cover the cost of such things as administration, training, staff services, and support services. PICs should look to Prime Sponsors who have had OJT programs in the past, and take advantage of their experiences in budgeting and financial management. Bromley and Wardle's monograph, On-the-Job Training, has covered the question of budgeting funds for OJT in some detail; their section has been adapted for this guide.

Past experience has shown that it is helpful to include the following items in fiscal reports:

PRIVATE INDUSTRY COUNCIL

ON-THE-JOB TRAINING

PROGRAM ACTIVITY CHART

Performance Indicator	Total FY	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
Planned No. Applicants To Be Enrolled	500	50	60	50	40	30	20	30	50	60	70	20	20
Actual No. Applicants Enrolled	500	30	50	50	60	40	35	30	40	50	75	30	10
Anticipanted No. Early Terminations	150	5	5	5	5	10	20	20	20	20	20	10	10
Actual No. Early Terminations	195	10	15	20	15	20	20	30	20	20	20	5	0
Planned No. Placements (In Unsubsidized Employment)	300	0	0	0	0	10	20	30	40	60	60	40	40
Actual No. Placements	255	0	0	0	0	15	15	15	25	40	50	50	45

- Amount of funds allocated to the program for administration, training, staff services, and supportive services
- Total obligation of funds by line item, on a monthly basis
- Total expenditures of funds by line item, on a monthly basis
- Total projected expenditures by line item

It is especially important for the PIC to understand the relationship between obligations and expenditures. Past experience has shown that most OJT program operators have been able to obligate funds with little difficulty, but have had more trouble expending funds. The major factor in managing the rate of expenditures is trainee dropouts, an unknown variable. Good accounting principles suggest that program operators must not obligate more money than has been allocated; but if the PIC does not overobligate funds for OJT activities, actual expenditures will generally run much less than the available funds, perhaps only 50 percent of available funds. A great many trainees are enrolled in OJT and drop out long before the completion of training; and funds that were originally programmed become deobligated. Then, there is a lag period during which agreements must be renegotiated, new trainees recruited, and funds reobligated.

In addition, most OJT agreements cover a four- to six-month period, whereas funds are allocated on a yearly basis. Thus, if the PIC were to expend all OJT funds within a given fiscal year, all agreements would have to have been negotiated within the first six months. But this is impractical; good planning requires that services be made available, insofar as possible, throughout the entire year.

A fiscal reporting form, shown on page 48, illustrates some of the considerations in managing funds for OJT. For example, this particular program operator allocated $500,000 to its OJT program for one fiscal year to pay training subsidies. During October (the first month), it obligated $100,000 (Col. 6). But, because of lag between the times the agreement was negotiated, the signatures obtained, and the required information forwarded to the accounting department, only $5,000 was actually expended at the end of the first month (Col. 3). Column 5 shows that there was a remaining balance of $495,000; but column 8 indicates that if all the trainees who were placed on OJT during October stayed on the job long enough to complete the full training period, $100,000 would have been expended. Column 9 illustrates that, since $100,000 of the $500,000 had been obligated, there was a balance of $400,000 left to obligate.

The exhibit further indicates that, by the end of December, the program operator had obligated $250,000 and expended $30,000. By this time, a significant pattern of deobligations (col. 7) had emerged. With this information, the program operator could begin to manipulate the financial activity of the program; i.e., how much money could be obligated and expended each month to assure maximum utilization of the available funds.

ON-THE-JOB TRAINING
FINANCIAL REPORT

Month (1)	Contract Limit (2)	Expend. During Month (3)	Cumulative Expend. (4)	Balance Remaining (5)	Obligations During Month (6)	Deobligation During Month (7)	Total Projected Expend. (8)	Balance To Obligate (9)
TOTALS	$525,000	$475,000	$475,000	$ 50,000	$710,000	$185,000	$525,000	-0-
October	500,000	5,000	5,000	495,000	100,000	-0-	100,000	$400,000
November		10,000	15,000	485,000	100,000	20,000	180,000	320,000
December		15,000	30,000	470,000	50,000	30,000	200,000	300,000
January	525,000	25,000	55,000	470,000	75,000	10,000	265,000	260,000
February		30,000	85,000	440,000	100,000	10,000	355,000	170,000
March		50,000	135,000	390,000	50,000	20,000	385,000	140,000
April		50,000	185,000	340,000	50,000	10,000	425,000	100,000
May		60,000	245,000	280,000	50,000	20,000	455,000	70,000
June		70,000	315,000	210,000	50,000	15,000	490,000	35,000
July		60,000	375,000	150,000	40,000	20,000	510,000	15,000
August		50,000	425,000	100,000	40,000	20,000	530,000	(5,000)
September		50,000	475,000	50,000	5,000	10,000	525,000	-0-

Column 2 of the exhibit shows that additional funds amounting to $25,000 were allocated to the program in January. This might indicate that other activities were not doing as well as anticipated, or that more private-sector job opportunities had become available.

A number of important points can be made from this exhibit:

- If a planner wants maximum use of OJT funds, it is necessary to overobligate. In this instance, $710,000 was actually obligated to achieve a 90 percent expenditure rate. ($475,000 = 90 percent of $525,000.)

- In order to observe sound fiscal and accounting principles relating to overobligations, program operators must ensure that OJT agreements contain the caveat that "payments to employers are subject to the availability of funds." This safeguard is necessary for two reasons: (1) DOL might be required for some unforeseen reason to withdraw funds; or (2) the OJT program might work so well that, if carried through, overobligations would result in actual overexpenditures.

- In this hypothetical case, even though overobligation was used, $50,000 was left unexpended at the end of the fiscal year. Planners probably cannot avoid some carryover of funds from one fiscal year to another if they provide OJT opportunities during each of the twelve months.

- Financial data of this type are a clue to the overall condition of the program and its prospects of success. An inordinately high rate of deobligations signals some difficulty with trainees or employers that the program monitoring staff will need to investigate.

CONCLUSION

Title VII encourages Private Industry Councils to develop OJT programs as one way to increase employment opportunities for CETA clients in the private sector. The involvement of PICs has great potential for improving the overall use of the OJT contracting mechanism.

- Private Industry Councils continually take the pulse of business in their area, and are attuned to fluctuations in the local labor market. The PIC is thus crucial in targeting OJT on occupations that are due to experience growth. Also, the PIC is aware of job opportunities in emerging areas, and can devise OJT programs focused on nontraditional occupational areas.

- In the local employment and training community, PICs are in a favorable position to identify and use the expertise of private employers in designing state-of-the-art training programs.

- In marketing such programs, PICs will emphasize the financial incentives inherent in OJT, and the relative ease and simplicity of OJT contracting under the revised CETA regulations. These factors should significantly increase employer participation.

- As a demonstration program under CETA, Title VII permits experimentation in formulating OJT agreements, including combining OJT with other employment and training activities, and employing contractual variations such as declining reimbursement rates, voucher contracting, and other models. This latitude will allow the greatest degree of targeting on specific local needs, interests, and priorities.

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